

Message Text

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ACTION AID-59

INFO OCT-01 NEA-10 ISO-00 EB-07 IGA-01 AGR-10 COME-00

OMB-01 TRSE-00 SP-02 L-03 FAA-00 DOTE-00 /094 W

----- 063702

R 210846Z OCT 75

FM AMEMBASSY DAMASCUS

TO SECSTATE WASHDC 4928

UNCLAS DAMASCUS 4085

STATE PASS AID

E.O. 11652: N/A

TAGS: AFIN, EAID, SY

SUBJECT: CLAIMS: SYRIA AGREES TO PAY PL 480 AND FAA LOAN DEBTS

1. SUMMARY: MINECON OFFICIALLY INFORMED AMBASSADOR OF SARG DECISION TO BEGIN BY JAN1, 1976 PL 480 CATCH-UP PAYMENTS WE HAD PROPOSED ON THREE PL 480 LOANS, PAY ALL DELINQUENT PRINCIPAL AND INTEREST DUE ON FAA DOLLAR LOAN AND MAKE SUBSEQUENT PAYMENTS ON ALL FOUR LOANS AS THEY FALL DUE. FIRST GENERATION PL 480 ACCOUNT IS TO BE UNBLOCKED. SARG TEAM IS NOW DRAFTING AGREED MINUTES TO IMPLEMENT DECISIONS. WE REQUIRE SEVERAL ACTIONS FROM WASHINGTON AS DETAILED BELOW. END SUMMARY.

2. AT REQUEST MINISTER OF ECONOMY AND FOREIGN TRADE IMADI, AMBASSADOR, AID DIRECTOR AND ECONOFF CALLED ON IMADI OCT 20; HE APOLOGIZED FOR ABSENCE OF HIS SARG NEGOTIATING PARTNER, MINISTER OF FINANCE SHARIF, AND SAID HE WANTED TO OFFICIALLY INFORM US THAT SARG HAD ACCEPTED USG POSITION ON CLAIMS WHICH WE HAVE BEEN DISCUSSING SINCE LAST NOVEMBER. IMADI SHOWED AMBASSADOR PRIME MINISTER'S WRITTEN ORDER (SEPT 16, NO. 2743/1) IN THIS REGARD AND SUGGESTED NEXT STEP WOULD BE FOR TWO SIDES AT WORKING LEVEL TO WORK UP AGREED MINUTES TO IMPLEMENT DECISION WHICH EACH SIDE COULD THEN SIGN. AMBASSADOR WARMLY THANKED IMADI FOR SARG DECISION, NOTING IT WOULD BE VERY WELCOME NEWS IN WASHINGTON.

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3. AID DIRECTOR AND ECONOFF THEN MET WITH MINECON DEPMIN

AZMEH, AND HIS ASSISTANT, DIAB, TO REVIEW FORM OF AGREED MINUTES. AZMEH/DIAB ARE TO PREPARE DRAFT MINUTES FOR OUR REVIEW. DURING DISCUSSION, AGREEMENTS WERE REACHED ON EACH CLAIM, AS DETAILED BELOW, AND ACTIONS NEEDED FROM WASHINGTON.

4. PL 480 BALANCE FROM DELINQUENT SECOND-GENERATION LOAN REPAYMENTS: SARG AGREES TO CATCH-UP PAYMENT SCHEDULE AND PROCEDURES (STATE 190441), BUT FOR BUDGETARY REASONS HAS TO MAKE FIRST PAYMENT ON JAN 1, 1976 SO AS TO INCLUDE PAYMENTS IN 1976 SARG BUDGET. AZMEH ALSO NOTED THAT PREPARATION OF AGREED MINUTES AND OBTAINING VARIOUS OTHER ACTIONS NECESSARY FROM CONCERNED MINISTRIES WOULD NOT MAKE IT POSSIBLE TO MOVE DATE FOR INITIAL INSTALLMENT OF SIX CATCH-UP PAYMENTS MUCH CLOSER. WE AGREED THAT ATTACHED TO AGREED MINUTES SHOULD BE TWO UPDATED SCHEDULES.

ACTION REQUESTED:

A. CABLE EMBASSY UPDATED (FROM THAT CONTAINED PARA 1, STATE 190441) CATCH-UP SCHEDULE BASED ON FIRST PAYMENT BEING MADE ON JANUARY 1, 1976. FORWARD NEW DETAILED COMPUTATIONS BY POUCH AS WAS DONE PREVIOUSLY (AID/FM/LD AUGUST 8 SCHEDULE).

B. POUCH, OR, IF POSSIBLE, INSTRUCT BY CABLE, NEW PAYMENT SCHEDULES FOR EACH LOAN TO SHOW DATES AND AMOUNTS OF ALL PAYMENTS TO BE MADE, INCLUDING CATCH-UP PAYMENTS APPLICABLE TO EACH OF THREE LOANS AND SUBSEQUENT, SCHEDULED REGULAR PAYMENTS FOR EACH LOAN.

C. HAVE NOT YET RECEIVED MISSING PAGE THREE FROM LOAN AGREEMENT 276-G-005 (DAMASCUS 2793); PLEASE POUCH.

5. PL 480 BALANCE FROM FIRST-GENERATION BLOCKED ACCOUNT: SARG AGREES TO UNBLOCK THIS LS 20,980,000 ACCOUNT BY LETTER FROM MINISTRY OF FINANCE TO CENTRAL BANK AND OFFICIALLY-TRANSMITTED COPY OF THIS LETTER WILL BE PROVIDED TO EMBASSY. AZMEH BELIEVED THIS ACTION WOULD BE COMPLETED IN ABOUT TWO WEEKS. WE WOULD THEN FORWARD THIS LETTER TO WASHINGTON SO USG AGENCIES CAN PROCEED WITH ADMINISTRATIVE STEPS NECESSARY TO REALLOCATE THESE FUNDS (PARA A 1, STATE 63778). FORMAL LOAN UNCLASSIFIED

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AGREEMENT NEGOTIATIONS WOULD THEN TAKE PLACE BETWEEN AID AND MINISTRY OF PLANNING (DEPUTY MIN HILOU). REQUEST PROPOSED AGREEMENT TEXT REFERRED TO LAST SENTENCE PARA 1, STATE 063778. (SEPTTEL - AIDAC - DISCUSSES TIMING AND PROCEDURES.)

6. FAA DOLLAR LOAN (276-H-008):

SARG AGREES TO RECOMMENCE PAYMENTS ON THIS LOAN IN

ACCORDANCE WITH OUR LAST NOTICE OF PAYMENT DUE DATED JUNE 4, 1975, REQUESTING PAYMENT OF \$49,048.73 AS OF JULY 15, 1975, AND MAKE SUBSEQUENT PAYMENTS AS THEY FALL DUE AND UPON RECEIPT OF OUR NOTICES OF PAYMENT DUE.

ACTION REQUESTED:

A. SINCE WE MAY WELL BE ABLE TO OBTAIN THIS PAYMENT PRIOR TO JANUARY 1, 1976 DATE NOTED ABOVE FOR PL 480 DEBTS, WE WANT TO MOVE QUICKLY AND PUSH SARG TO MAKE THIS OVERDUE PAYMENT NOW RATHER THAN WAITING FOR NEW DUE DATE OF JANUARY 15, 1976. THUS, REQUEST APPROVAL FOR THIS PROCEDURE. ACCRUED INTEREST BETWEEN JULY 15, 1976 AND DATE OF ACTUAL PAYMENT SHOULD BE ADDED TO PAYMENT DUE ON JANUARY 15, 1976.

B. POUCH TEXT OF LOAN 276-H-008 AND ACCOMPANYING LOAN REPAYMENT SCHEDULE APPLICABLE TO THIS TOTAL LOAN OF \$427,000.

7. EXPORT-IMPORT BANK:

SARG AGREES TO ADD EXIM CLAIM TO DEBTS TO BE COLLECTED FROM BOUSTANI (AS HAS BEEN DISCUSSED PREVIOUSLY, STATE 214900 AND PRIOR). SEPTTEL FOLLOWS ON STATUS OF FILING OF CLAIMS.

8. USG DAMAGE CLAIMS:

NEITHER WE NOR SYRIANS RAISED THIS MATTER AT THIS MEETING, ALTHOUGH IN OUR INTIAL NEGOTIATING SESSIONS WE HAVE MAD OUR INTENTION KNOWN RE PRESENTATION OF THIS CLAIM (BASED ON INSTRUCTIONS IN PARA 4 A, STATE 235236, OCT 25, 1974). WITH REGARD TO ALEPPO CONSULATE CLAIM (STATE 31752), EMBASSY HAS SOLICITED COST ESTIMATES FOR REPARITING PROPERTY WHICH UNCLASSIFIED

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SHOULD BE RECEIVED SHORTLY AND WILL BE FORWARDED TO DEPT FOR CONSIDERATION.

9. PRIVATE CLAIMS:

IN CONTEXT OF COMMERCIAL DISCUSSION, AMBASSADOR USED OPPORTUNITY TO REMIND IMADI OF POSITIVE BUSINESS REACTION THERE WOULD BE TO SETTLEMENT OF MOBIL AND EXXON CASES, PARTICULARLY SINCE SARG WAS SO KEEN ON HAVING US OIL COMPANIES WORK IN SYRIA. (AMBASSADOR HAD GIVEN SIMILAR BRIEFING TO DEPMIN PETROLEUM NABULSI TO REMIND HIM OF THIS ASPECT OF US OIL COMPANIES ATTITUDES TOWARD SARG, SUGGESTING THAT NABULSI SHOULD LOOK INTO MATTER AND SEE IF MORE FORTHCOMING MINFIN ATTITUDE TOWARD DISCUSSIONS WITH EXXON MIGHT BE POSSIBLE.) IMADI AGREED WITH THRUST OF AMBASSADOR'S COMMENTS BUT WE DID

NOT PURSUE MATTER AS WE HAVE NO INSTRUCTIONS NOR HAS EXXON
REP JONES BEEN IN TOUCH WITH US SINCE END OF JULY.

ACTION REQUESTED:

WITH FINAL DATE FOR FILING PRIVATE CLAIMS WITH DEPT
HAVING PASSED ON AUGUST 4, WE WOULD APPRECIATE CABLED
SUMMARY OF CLAIMS FILED AND INSTRUCTIONS AS TO NEXT STEPS TO
TAKE HERE. WE ASSUME WE WILL SUBSEQUENTLY RECEIVE BY POUCH
FULL DOCUMENTATION ON ALL PRIVATE CLAIMS.
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Disposition Event:
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